

LEGISLATURE AND GOVERNOR ENSURE ELDERLY AND DISABLED GET PRESCRIPTION DRUGS THEY NEED

January 18, 2006

Frequently Asked Questions

Background

Following the start on Jan. 1 of Medicare drug coverage for nearly 1 million seniors and disabled who are also enrolled in Medi-Cal, problems with the new program have left many of these beneficiaries unable to obtain their prescription medications. To ensure that California's most vulnerable residents get the life-saving medications they need, the Legislature and the Governor have agreed to direct the California Department of Health Services (CDHS) to immediately implement a 5-day emergency program to pay for prescription drugs for beneficiaries who are unable to obtain them from Medicare. Legislative action to extend the coverage for an additional 10 days will occur on Thursday, January 19.

Questions and Answers

1. What action has California taken to help seniors and disabled individuals who are struggling with the new Medicare drug program?
 - a. The Governor, with bi-partisan agreement from legislative leaders, has directed the California Department of Health Services to immediately implement a 5-day emergency program to pay for prescription drugs for beneficiaries dually eligible for Medicare and Medi-Cal who are unable to obtain them from Medicare. In addition, legislative action is being pursued to extend the emergency program for an additional 10 days.
2. Why was this action needed?
 - a. CDHS and the State Department of Aging (CDA) have received numerous reports from pharmacists, county employees, advocacy groups and beneficiaries that seniors and disabled Californians are not able to obtain their prescription drugs because of problems with the new Medicare drug program. In some cases, beneficiaries have had to forego their life-saving medications and have been hospitalized. In others, they have been erroneously charged co-payments higher than the \$1 - \$5 authorized by Medicare.
3. What does the emergency legislation do?
 - a. The bill will:
 - Appropriate \$150 million (General Fund) to cover gaps in Medicare Part D coverage for a maximum of 30 days.

- Authorize the state to be the payer of last resort for dual eligibles who cannot get their prescription drugs through the Medicare program. The state will only step in when there are errors in the Medicare Part D Program. (Effective January 12, 2005 for 5 days, and with legislative approval on January 19, for a total of 15 days)
- Gives the Governor authority to approve one additional 15-day extension. (Any expenditure over the \$150 million appropriation or past 30 days would require new legislation).
- Ensure DHS has authority to seek reimbursement from the federal government and the Medicare Part D prescription drug plans.

4. What should beneficiaries do?

If they have a new card or plan acknowledgement letter for their Medicare drug plan, they should bring it with them when they go to a pharmacy. They should also bring their Medi-Cal card. If they don't have a Medicare drug card or a letter from the Medicare drug plan, they should also call 1-800-MEDICARE to find out which drug plan they are enrolled in and call their plan to obtain their member number. This information will help the pharmacist process their prescription. In the meantime they should still go to the pharmacy to obtain their medications. The process that has been implemented will enable dual eligibles to get their medications if there are problems in the Medicare program.

5. How much will it cost the state to pay for these prescriptions during the initial 15-day program?

- a. The cost is estimated to be approximately \$100 million.

6. What happens after the 15-day program ends?

- a. We have been assured by Medicare representatives that they are working diligently to fix the problems with the system. We hope to see significant improvements by then.
- b. Proposed legislation would allow the Governor to extend this emergency program an additional 15 days, not to exceed \$150 million in expenditures.

7. What does a pharmacy have to do to obtain reimbursement?

- a. To receive reimbursement, a pharmacy must attempt to use the Medicare drug program first and if unable, certify that it was either unable to submit a claim because it could not obtain needed information from Medicare, its claim was incorrectly denied or that the beneficiary's deductible or co-payment was higher than authorized by Medicare.

8. How have pharmacies been notified of this emergency program?
 - a. Given the short timeframe for the emergency program, it is not possible to mail a notice to pharmacies. The Department distributed the notice to the pharmacy associations who have distributed it to local pharmacies. The Department also distributed the notice to HICAP, and various consumer organizations who have distributed it to its members. In case pharmacies have not heard of this program, beneficiaries are being advised to take a copy of the Medi-Cal provider notice to their pharmacy. The notice is also available on the Internet at www.medi-cal.ca.gov. Once the program is extended with the passage of legislation, then a provider notice will be mailed.
9. How is the state legislature assisting in this effort?
 - a. In bi-partisan cooperation, legislative leaders concurred with the Governor in implementing the 5-day emergency program and have committed to introducing legislation to appropriate funding that will extend prescription drug coverage beyond the 5-day emergency program for an additional 10 days. The legislation will also allow for an additional 15-day extension if the Governor is not satisfied with the program's progress to date. The Governor and the Legislature are working together protect access to prescription drugs for vulnerable Californians who are dually eligible for Medicare and Medi-Cal.
10. How many other states have acted?
 - a. Every day more and more states are stepping in to temporarily resolve the problems with the Medicare drug program. As of January 18, 2006, approximately 20 states have taken action.
11. Will the federal government reimburse the State for its cost?
 - a. The Governor and the Legislature will be seeking reimbursement from the federal government and the Medicare drug plans for this program.